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Human Capital in Difficult Times: Maine's Competitive Skills Scholarship Program

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As the economy recovers from the recent sharp downturn, many unemployed workers are discovering that their old jobs are no longer there. Unlike previous recessions in which laid-off workers were recalled by their former employers, analysts agree that this time many people will have to look for new opportunities. The search will not always be easy. For those long out of work, skills and experience have eroded. And employers are demanding new kinds of skills in a changing economy. In Maine, for example, out-of-work loggers or manufacturing workers are often unprepared to win positions in growing sectors like financial services and health care.

The Maine Competitive Skills Scholarship Program

To improve the match between what employers need and what workers have to offer, the state of Maine created the Competitive Skills Scholarship Program. Launched in 2008, the new program is directly tied to the quality workforce needs of employers in every region of the state in the business, nonprofit, and community sectors. By supporting unemployed individuals as they acquire advanced training, the program increases the pool of skilled applicants for well-paid jobs in areas where employers are looking to fill many openings.

Education and training beyond the high school diploma are a proven pathway to jobs with strong potential for high future earnings. Educated workers and their families do better, and society as a whole benefits. For women, higher education is especially beneficial, because pay gaps between male and female employees are narrower among the well-educated. Educated workers are also the key to economic development. In Maine, postsecondary education is required for two-thirds of high-wage jobs appearing in rapidly growing sectors of the economy.

Participants and Benefits

The goal of Maine's Competitive Skills program is to provide direct links between newly available jobs that pay well and Maine residents who need preparation to apply successfully. The Maine Department of Labor identifies high-demand occupations projected to offer a supply of new jobs that will pay above the state average. Then the Department uses its statewide network of CareerCenters to offer residents a chance to prepare for the new jobs by earning a degree or certificate. The program targets residents over age 18 who have low incomes and do not already have a degree beyond the high school diploma.

Upon entry to the program, each participant consults with a CareerCenter counselor to develop a plan that
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matches his or her objectives with emerging occupational opportunities and approved education or training programs. With a plan in place, each participant receives a grant of up to \$8,000 per year for full-time training (\$4,000 for half time). The grant can be used to pay for an array of educational expenses, including tuition and fees, along with necessary supports such as child care, transportation, and books, supplies, and equipment.

How Well Does the Program Work?

To learn more about the first cohort in the Competitive Skills program, we sent a survey to active participants in April 2009. Just over forty percent returned the surveys, representative of all participants in terms of gender and region of residence, but skewed toward the older enrollees.

The results of the survey showed that most enrollees were the very people the program was created for – men and women with high school diplomas or general equivalency diplomas, who had earned relatively low wages and had experienced considerable job instability and financial hardship. In their current or most recent jobs, most respondents did not have health benefits or paid sick days. Additional studies point toward important program achievements:

- Contacted by program staff in January 2010, 70% of the program's first graduates reported holding full-time jobs, and another 20% were employed part-time. Full-time employees were taking home an average hourly wage 41% higher than program entrants.
- A 2010 report to the Maine legislature noted that program participants are finding jobs in high-growth occupations that offer salaries nearly double their previous earnings.
- Participants are staying in school and graduating. A September 2011 report found that 82% had enrolled in two-year (47%) or four-year (35%) degree programs – preparing for jobs that pay a much higher wage than they previously earned.
- Many more Mainers want to enroll; demand far exceeds current capacity and funding.

Broader Lessons

The key to the Maine Competitive Skills program is the clear understanding that employer expectations for educational preparation, skills, and job performance are rapidly changing. Growing sectors offer very different work environments than sectors reporting employment declines. In such a rapidly changing job market, help for laid-off workers during difficult times has to mean more than just handing out unemployment checks until business recovers. True security requires new preparation – repositioning men and women who are out of work, or have only unstable job prospects – to enable them to compete for better positions.

So far, Maine's Competitive Skills Scholarship Program has shown itself to be an appropriate and timely response to the need for enhanced postsecondary education and training among low-income, unemployed workers. Although it is still too early to report on how the program will influence the long-term earnings of individuals, or affect the supply of skilled labor for Maine businesses, initial indications are extremely positive.

Read more in **Sandra S. Butler, Luisa S. Deprez, John Dorrer, and Auta Main, "Investing in Human Capital in Difficult Economic Times: Maine's Competitive Skills Scholarship Program."** *Maine Policy*
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